

## Fiscal Note

*Fiscal Services Division*



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**SF 448** – Wireless Surcharge (LSB 1465SV)

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Fiscal Note Version – New

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### **Description**

**Senate File 448** increases the wireless communications surcharge from \$0.65 to \$1.00 per month. The Bill establishes a grant program to assist local police, fire, medical rescue, and emergency management personnel in complying with federal government mandates regarding bandwidth frequencies.

### **Background**

- There are 2.2 million cell phone subscribers in Iowa.
- A statewide wireless E911 monthly surcharge of \$0.50 began on January 1, 1999.
- On July 1, 2004, the surcharge was increased to the current \$0.65 per month. The surcharge is collected by wireless providers and remitted to the State E911 Program on a quarterly basis. The average quarterly amount generated from the surcharge is \$4.2 million.
- Surcharge revenues are distributed according to statute and by formula (see chart in Fiscal Impact section) with 25.0% provided to support 119 Public Safety Answering Points (PSAPs).
- The State of Iowa administers the wireless surcharge and joint E911 service boards administer the wireline surcharge.
- The federal government has enacted a mandate that requires public safety license holders to reduce communication frequency bandwidths. For more information see the **Issue Review** titled: [Narrowband Mandate and State Agency Communications Systems](#).

### **Assumptions**

The \$0.35 increase will generate an additional \$2.3 million per quarter or \$9.2 million per year. The additional funds will be distributed as follows:

- \$2.3 million to the PSAPs.
- \$6.9 million to be deposited in a separate bandwidth frequency compliance fund under the control of the E911 Program Manager. The money in the fund will be used for the establishment and administration of a grant program to assist local police, fire, medical rescue, and emergency management personnel in complying with the federal government narrowbanding mandate. The E911 Program Manager, in consultation with the E911 Communications Council, will establish the grant program eligibility criteria, and application and distribution procedures, by rule.

### **Fiscal Impact**

There is no impact to the State General Fund.

The \$0.35 increase in the monthly surcharge will result in additional revenue of \$9.2 million annually beginning in FY 2012. See the following chart for distribution details.

	<b>Current \$0.65 Surcharge Per Quarter</b>	<b>Proposed \$1.00 Surcharge Per Quarter</b>	<b>Difference Per Quarter</b>	<b>Annual Difference</b>
Quarterly Revenue	\$ 4,290,000	\$ 6,600,000	\$ 2,310,000	\$ 9,240,000
Formula Expenditures				
Administration	\$ 50,000	\$ 50,000	\$ 0	\$ 0
21.0% Wireless Carrier Providers Cost Recovery *	670,000	670,000	0	0
Wire-Line Transport Costs	280,000	280,000	0	0
Automated Location Information Costs	1,400,000	1,400,000	0	0
25.0% PSAPs	1,072,500	1,650,000	577,500	2,310,000
Carryover Fund	817,500	2,550,000	1,732,500	6,930,000
Total Expenditures	<u>\$ 4,290,000</u>	<u>\$ 6,600,000</u>	<u>\$ 2,310,000</u>	<u>\$ 9,240,000</u>
*Used the average actual cost being billed by the wireless service providers.				

### **Source**

Department of Public Defense, Homeland Security and Emergency Management Division

/s/ Holly M. Lyons

March 17, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.